

The Corruption of Michigan Elections By Chinese and Other Foreign Funds Financing the DeVos for Governor Campaign

Testimony of Mark Brewer Before the House Committee on
Oversight, Elections and Ethics, June 28, 2006

Thank you Mr. Chairman for the opportunity to testify today.

I am Mark Brewer and for over 20 years I have practiced federal and state campaign finance and election law in Michigan, participating extensively in the litigation, interpretation and enforcement of Michigan campaign finance law as well analyzing the impact of that law on Michigan elections.

Based on that experience, I am here to support House Bill 6133.

However, based also on that experience, I recommend an amendment to that bill.

Mr. Chairman and members of the Committee, there is a major new threat to the integrity

of Michigan elections which requires immediate action by the Legislature.

That threat is the fact that millions of dollars in Chinese and other foreign funds are the source of money being used to finance the campaign of DeVos for Governor.

The DeVos campaign is simply a conduit for the flow of millions of Chinese yuan into Michigan elections. Plainly put, Dick DeVos is a 21st Century "Manchurian Candidate," the best American candidate Chinese money can buy.

This is a serious question of election integrity. Are you going to allow Michigan elections to be corrupted by foreign money? Are you going to allow foreign money to take away the right of Michigan citizens to decide elections for themselves without foreign interference?

It is indisputable that vast quantities of Chinese and other foreign funds are the source of the financing of the DeVos for Governor campaign.

To date, the DeVos campaign has spent nearly \$9 million on TV and radio advertisements. Adding in 2005 campaign expenses of nearly \$1.5 million and other 2006 campaign expenses – staff, polling, research, consultants, ad production and the like – the campaign's total spending to date may already approach \$12 million, easily a Michigan record.

DeVos reported raising \$1.84 million for his campaign in 2005 with \$776,000 coming from his own pocket. If that ratio of 42% personal funding is applied to the \$12 million he has probably spent so far, he has personally financed over \$5 million to date, and likely more.

The foreign sources of DeVos' personal income are indisputable. In his so-called "financial disclosure" of March 31, 2006 he admitted receiving substantial income from Alticor, the holding company for Amway. Indeed, according to that "disclosure," for the last 8 years nearly two-thirds (2/3) of his income has come from Alticor.

DeVos himself has also acknowledged that Alticor's income is overwhelmingly from foreign sources.

I was present at the Detroit Regional Chamber Mackinac Conference on May 31, 2006 when he told attendees that 80% of Alticor sales come from outside the U.S.

Media reports confirm the huge volume of foreign sales for Alticor/Amway. For example, the Detroit Free Press reported on October 22, 2004 that "Amway – part of Ada-based Alticor, Inc. – considers itself an Asian company, with nearly 70% of sales coming from that region." The Detroit Free Press recently reported that Amway China's sales for 2005 were over \$2 billion (November 3, 2005).

Thus it is clear that Chinese and other foreign funds are flowing from Amway China to Amway to Alticor to DeVos, and then to his campaign.

This corruption of Michigan elections through the use of foreign funds is unacceptable and must be stopped immediately.

To stop this insidious practice I have drafted an amendment to HB 6133 which would add a new section to the Michigan Campaign Finance Act:

Sec. __ (1) A foreign national shall not be the source, directly, indirectly or through conduits or intermediaries, of money or anything of value which is used in connection with a state or local election.

(2) A person shall not use in connection with a state or local election money or anything of value whose source, directly, indirectly or through conduits or intermediaries, is a foreign national.

(3) As used in this section "foreign national" means:

- (a) A government or agent of a foreign country;
- (b) A person organized under the laws of or having its principal place of business in a foreign country; and
- (c) An individual not a citizen of the United States.

(4) A person who knowingly violates this section is guilty of a felony punishable, if the person is an individual, by a fine of not more than \$5,000.00 or imprisonment for not more than 3 years, or both, or, if the person is not an individual, by a fine of not more than \$10,000.00.

I urge you in the strongest possible terms to put an end to this foreign corruption of Michigan elections by adopting this amendment as soon as possible.

Thank you.